

From the Office of  
Senator Hubert H. Humphrey  
Dyckman Hotel  
Minneapolis, Minnesota  
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K-  
Know Russia

Senator Hubert H. Humphrey (D., Minn.), told the  
Minneapolis Junior Chamber of Commerce Friday noon  
that "the possibilities of progress toward a  
disarmament agreement -- even with adequate inspection  
and control -- have increased, because Premier  
Khrushchev has clearly decided to step up the  
pace of economic and political competition with  
the United States, and needs a shift of at least  
part of his war production to civilian production."

"Furthermore", Senator Humphrey declared,  
"Khrushchev is convinced that a major disarmament  
agreement would cause a set-back in the American  
economy."

DISARM  
POSSIBILITIES

DISARM  
Cause a  
Set Back  
in  
U.S. Economy

L "There is mounting evidence that a major policy decision has been made in the Kremlin to the effect that thermo-nuclear war would be too costly, dangerous and uncertain to be embraced as a policy for Communist advancement."

Russia  
to  
press  
on  
the  
front

L "On the other hand, the struggle between the Soviet Union and the United States and its allies, will be pressed vigorously on the economic and propaganda front."

7 yr  
Plan  
Peace

Senator Humphrey pointed out that the Soviet seven-year plan of economic expansion requires not only peace, but some reduction in arms spending.

"There is no reason to concede," Senator Humphrey said, "that a major reduction in arms

spending would cause serious unemployment and other  
economic distress -- ~~even~~ if we plan concrete  
government action to forestall any such economic  
dislocation."

Senator Humphrey revealed that his Disarmament Subcommittee staff is undertaking a study of the possible economic repercussions of various disarmament agreements on the United States economy, and quoted the Chairman of the Federal Reserve Board, William McChesney Martin, Jr., as having testified 2½ years ago that "it is of <sup>+</sup>upmost importance that the government be prepared to act quickly to meet any developments...Much as I believe in the market process and the desirability of private enterprise, I think the government would

have to assume a role in that sort of a transition, similar to the work that the Defense Mobilization Board is presently doing for mobilizing our resources in case of the opposite situation."

Senator Humphrey said that Mr. Martin told his subcommittee that the Federal Reserve Board had given only desultory consideration to setting up machinery to deal with the economic dislocation which could occur, and that the Executive Branch has given no indication since 1957 that they were conducting any studies of the matter.



-5-

Senator Humphrey said "there is no question that our economy would benefit enormously if arms expenditures could be cutback, but I also believe that in the short-run period in certain industries and perhaps in certain areas that if we do not have any plans to put into effect, based on economic studies, there may be temporary problems."

The occasion of Senator Humphrey's remarks was his award of the Junior Chamber of Commerce International Senatorship "for important contributions to the progress of the Junior Chamber and to American foreign policy."

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